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A REVIEW: FACTORS INFLUENCING THE USE OF COMPUTERISED ACCOUNTING SYSTEMS (CAS) BY MALAYSIAN SMES IN MALAYSIA

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ABSTRACT

In an increasingly rapid world with technology and a borderless world, all companies need to adapt to the latest technology. Technology is made as one of the strategies to be competitive in the industry. One of the things to keep in mind is to use a computerized accounting system to ensure that reports are issued accurately, quickly and according to the established standards. Objective of this paper is to review the usage factors on Computerised Accounting Systems (CAS) among SME in Malaysia. The main purpose is to study the reason why SME refuse to use the CAS despite all of the benefit. The factors that been reviewed includes cost, selection and size of the business. The theory of Acceptance and Use of Technology (UTAUT) model factors through the concepts of perceived ease of use and perceived usefulness were also been reviewed. The review found that perceive ease of use, perceived usefulness, cost, selection and size of the business itself are among the factors that influence the SME decision in engaging CAS.

Keywords: *Computerised Accounting Systems, Small Medium Enterprise, Usefulness, Ease of use*

INTRODUCTION

In an increasingly rapid world with technology and a borderless world, all companies need to adapt to the latest technology. Technology is made as one of the strategies to be competitive in the industry. One of the things to keep in mind is to use a computerized accounting system to ensure that reports are issued accurately, quickly and according to the established standards.

Small Medium Enterprises (SMEs) in Malaysia are growing and affecting good economic growth while providing high employment opportunities to citizens. With the use of

technology in accounting, it is increasingly giving SMEs an opportunity to grow domestically and internationally.

Objective of this paper is to review the usage factors on Computerised Accounting Systems (CAS) among SME in Malaysia. The main purpose is to study the reason why SME refuse to use the CAS despite all of the benefits. In spite of the availability various government assistant programs including computer technology, acquisition and skills enhancement programs, the usage of CAS are still lacking among SME operators in Malaysia.

SME development in Malaysia is growing rapidly and some of them survive in this uncertain economy. One of the factors affect the growth of business is technology. Technology in accounting or accounting systems is widely used nowadays. Computerised Accounting Systems (CAS) or accounting systems is one of investment that required financial investment. A primary purpose of preparing financial statement is to make available accurate information to owners and managers of SMEs for use in measuring financial performance. In order to keep accounting record and reporting purpose, SME usually use CAS to enhance quality of the report. However there are businesses still keep their records manually due to cost, misperception of selecting the right system to the business characteristics to the business and benefits of the CAS does not outweigh the cost. Dawuda and Azeko (2015) observed that poor records keeping or non-availability of financial records lead to mismanagement of resources and poor cash management and this do have negative effect on the growth of SMEs leading to the collapse of some of them.

LITERATURE REVIEW

Small Medium Enterprise (SME) in Malaysia is expanding year by year. By year 2016, SME contribution to Gross Domestic Product (GDP) has increase from 36.3% in year 2015 to 36.6% in year 2016. SME in Malaysia falls into two broad categories, manufacturing and services. The characteristic of SME companies include having 150 employee less than 150 and company sales or turnover is below 10 million per year. As in 2016, the employment in SME shows gradually increase from 64.5% (2015) to 65.3% (2016).

CAS can be generalised in two broad categories which are low-end and high-end. The differences of the system simply based on the speed and ease of the information system in dealing with accounting database, reporting easiness and modification. SME which engaged with the usage of CAS ease their decision making speed due to the availability of the accounting information at real time.

Quick change in technology had resulted most of small and medium enterprises choose to track financial transactions with computerized software rather than to rely on a manual system of bookkeeping recording entries in large books. The advancement in data

innovation has eventually prompted the introduction of computerized accounting systems to help produce relevant financial reports for both management and outside clients for decision making. (Mtetwa 2010)

Nowadays, when an organization needs any information, it is accessible at the click of a button. It additionally allows SMEs to obtain data about competitors, suppliers, clients etc, which helps in the better running of any business organization. In contrast to past times, data and information storage now takes up almost everywhere. Compared to the old time when businesses required huge storerooms to store many documents of critical information. Personal computers and servers have permitted the advantage of putting away a great deal more information in substantially less space.

According to Amanamah R.B, Morrison A and Asiedu K. (2016), most of the SMEs who did not have CAS admitted that they do not use such systems because they believed it was expensive, stood the risk of corrupted data, complicated and that they did not have trained staff to handle a computerized accounting system.

METHODOLOGY

The studies were based on a few factors influencing the usage of CAS including cost, selection and size of the business. The review also takes into consideration of the foundation of Unified Theory of Acceptance and Use of Technology (UTAUT). UTAUT is the technology acceptance model developed by Davis (1989) as the core of his doctoral dissertation. In the original model, Davis sought to determine how users come to accept technology through the concepts of perceived ease of use and perceived usefulness.

FACTORS INFLUENCING USAGE OF CAS

Cost

SMEs who intend to utilize CAS should undertake more detailed cost-benefits analysis so as to identify the benefits that can be derived from using a computerized accounting system. (Amanamah et.al, 2016)

Dorothy A, Paul D and Boswell, K (2009) studies found that small traders are unaware of the good of recording and managing finances in business and the traders of small businesses record accounting transaction manually without computerized system. Based on the recent survey by UK200 Group revealed that 65% of its members' small business clients do not currently use software to manage their account. The membership association also found that 16% of small business owners do nothing to record the business transaction However, they found out that 27% of SMEs used computer for their bookkeeping i.e. with the assumption that this involved Microsoft Excel or another spreadsheet application. Most of the business owner claims that it worth nothing and do

not contributes towards the income of their business. Although there are many free software available, they still refused to adopt the application as they claim that the free software will be very basic and not applicable for their business. However, many believe that the efficiency in managing the business is important to ensure elevated returns and profits.

Proper accounting system will contribute to effective decision making. By using accounting information systems, it can help organization to speed up the process of preparing report and manage the essential information in the business. Some of the business owner believed that with the adoption of technology and proper recording of the accounting transaction, will lead to cost reduction and increases of productivity. Ashari (2008), believed that small and medium business enterprises who employs information technology can reduce its production cost and then increasing its profitability and competitive power.

Perceived Usefulness

Greenberg R, Wei Li, Wong-On-Wing B(2012), found that effect on perceived usefulness of the system on SME's intention was positive and significant. Sam M.F.M, Hoshino Y and Md Tahir (2012), reported that the user friendly software has improved the usage of CAS. Based on the study by Ismail and Mat Zin (2009), the factors influencing decisions for not using Accounting Software due to lack of financial resources, lack of IT and accounting knowledge, cost and benefits of accounting software, and unable to find appropriate software, influenced their decisions for not using accounting software.

Guo and Feng (2008) who highlighted that it is expected that perceived usefulness directly affects cost-benefit perception and thus where SMEs owners perceive AISs to be useful in relation to cost; they are likely to adopt it rather than those that perceive costs as outweighing the usefulness of AISs. The findings were further supported by A.D Rogers (2016), where in the final model perceived usefulness were statistically significant with perceived usefulness accounting for a contribution of ($\beta=0.544$).

Perceive Ease of Use

Sam et al (2012) in their research found that there is no correlation between perceive ease of use and usage or adoption of CAS. They found that there was a strong, negative correlation, the fact is that majority of the company that adopt CAS, the CEO having very little knowledge and skill on CAS, 60% of the respondent is under nil and basic scale. Sam et. al. (2012) found that perceive ease of use and business competitiveness negatively correlated to the adoption of CAS. In their research they found that only perceive usefulness related to the adoption of CAS.

Aidi and Simon (2013) on utilisation of generalised audit software (GAS) showed that some respondent prefer on using traditional manual auditing methods rather than using GAS due to the perceived limited benefit for auditing small clients. However, the findings was contradict to A. D. Rogers (2016), he found that there was a positive correlation between perceived ease of use (38.45 ± 8.04) and intent to adopt CAS (11.06 ± 2.77). Therefore, Perceive ease of use should be considered as one of the factors influencing the usage of CAS.

Size of The Business

Business size is an important determinant of CAS. Previously only big and giant business owner apply CAS. Today, event small business are beginning to use CAS due to perceive usefulness and perceive ease of use. Furthermore, the small businesses were already sense the pressure to use CAS for competitive advantage.

Munasinghe P. G. and Munasinghe, D. S (2015) in their research found that size of the business and external environment of SMEs are positively significant to influence of usage of CAS Apparently, other factors such as government and management support as well as perceive ease of use are not significant to the usage of CAS, claimed the researchers. This statement had been supported by S. K. Mukti and A. M. Rawani (2016), they found that in some developing countries, a number of large and mid-sized organisations have implemented ERP systems and more are expected to follow suit.

Omar and Ali (2012) reported that size of SMEs did not have significant effect on the usage of CAS, as the market offered CAS package that range from different level of application and functions depending on the size of the business. The finding is consistence with the research by Sam et al (2012) that found evidence suggests that there is no correlation between the sizes of company with the adoption of CAS. The findings also matched with the earlier studies that the company size was not correlated, with the use of accounting system (Hunton and Flowers, 1997)

Selection of the Business

There are ranges of CAS package available in the market for SME to select depending on their operation size. Choosing the right software package that cater a business feature suitable for its' own specific need can be a great deal for an SME. A business needs to evaluate the offered package ranging from functionality, reporting efficiency, records' keeping as well as resourcing in the selection process to ensure that the investment worth funding and main objective for faster decision making is attainable. For example, they have to evaluate the features such as better record keeping, efficiency, fewer resource used etc. Furthermore, there is also an argument that there are also drawbacks of using software. Shah (2017) in his article state that Rachel Carell, CEO of childcare tech start up Koru kids, said that she didn't find the software intuitive, and warned that once the

business has committed to one form of software it's a big effort to change, and there's no guarantee that rival offerings like QuickBooks are any better.

CONCLUSION

Adopting technology in accounting is essential and very dramatically contributes to business performance through the speed of decision making and enhances competitive advantage among the players in industries. Cost, perceive ease of use, perceived usefulness, selection and size of the business itself are among the factors that influence the SME decision in engaging in CAS. With the fast growing of internet and technology usage in the industries and demanding environment to compete healthily, SME has to find or make its way in conducting its' own internal operation efficiency. SME is able to optimise resources usage through the implementation of appropriate CAS in its operation.

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